

Legislative Update - April 9, 2001

(Broadcast #343)

President Bush Releases FY2002 Budget Details -Today, President Bush released his proposed budget for FY2002. The five-inch proposal, which covers all federal departments and agencies, provides specific information based on the guidelines the President provided in his budget blueprint on February 28, 2001.

The budget calls for \$1.961 trillion in FY2002 outlays, a 5.5 percent increase over FY2001 projected outlays of \$1.86 trillion, and includes increases for programs such as education, drug enforcement, and medical research. In discretionary spending, the budget requests a 4 percent increase over FY2001, which is slightly higher than inflation but half the 8.5 percent gain enacted in FY2001. However, ten of the 25 major federal agencies would experience cuts, the largest ones facing the Agriculture and Transportation Departments.

Listed below are brief summaries of some of the major Interior Department and Indian Health Service budget items and programs. We will provide additional information about other Cabinet agencies in the coming days.

Bureau of Indian Affairs - The FY2002 budget request for the BIA is \$2.2 billion, a net increase of \$65.9 million over the FY2001 enacted level. Most of the proposed increase would be devoted to education construction, trust management, and land and water claims settlements, with the remainder going to uncontrollable costs and slight increases for contract support and detention facilities. There are also several cuts proposed in the BIA budget, the most significant of which would affect welfare assistance, self-governance grants, endangered species, and distance learning programs.

A spreadsheet follow which contains additional details regarding the FY2002 budget request for the BIA. Major programs are described below.

Tribal Priority Allocations - The FY2002 TPA request is \$750.48 million, a \$17.45 million increase over the FY2001 funding level, and 42 percent of the entire proposed BIA budget.

Self-Determination Contracts - A total of \$3 million is requested for the Indian Self-Determination Fund to replenish funds for new or expanded P.L. 93-638 programs. For contract support costs, an \$11 million increase would bring funding to \$130.2 million, which represents only 88 percent of the total identified need.

BIA Trust Management - The request totals \$118.4 million, a \$14.1 million increase, for trust services programs and related efforts. These increases include: \$1 million for on-going real estate services to improve property management and processing of transactions; \$3 million for real estate appraisals; \$1.5 million for additional probate staff; \$1 million for land titles and records offices. Additional program increases related to trust reform efforts include: \$1.5 million for tribal courts to address the increased probate caseload; \$2 million to conduct background investigations of BIA employees and contractors who manage trust assets and records; \$1 million for natural resources management; \$1 million to improve information resource management and trust records security.

Public Safety and Justice - The FY2002 request includes \$160.7 million for BIA law enforcement activities, which is a \$5 million program increase designed to assist tribes with staffing and transitional costs associated with opening new detention centers.

School Operations - The BIA education programs request is \$504 million, a \$9.1 million increase over FY2001 to meet mandated teacher, counselor, and other staff requirements. For tribally controlled community colleges, a \$1 million increase would be provided for operating grants.

School Construction - Within education, the replacement school construction request of \$127.8 million would provide funding for advanced planning and design and for replacement of six schools on the priority replacement list. There is also a \$13.1 million proposed increase, for a total funding level of \$161.6 million for the school Facilities Improvement and Repair program to reduce the backlog of health and safety deficiencies in BIA-funded schools.

Land and Water Claims Settlements - The FY2002 budget contains \$60.9 million, an increase of \$23.5 million, for recently authorized settlements, including: Colorado Ute-Animas Las Plata (\$8 million); Torres-Martinez (\$6 million); Shivwitz Band (\$5 million); Santo Domingo Pueblo (\$2 million) Grant Lakes Fishing (\$6.3 million).

Proposed Cuts - The budget proposes several funding cuts to BIA programs, as follows:

Welfare Assistance (TPA)	-2,543,000.
Self-Governance Grants (Other Recurring)	-256,000.
Distance Learning (Other Recurring)	-998,000.
Tribal Guiding Program (Other Recurring)	-299,000.
Endangered Species (Other Recurring)	-1,029,000.
Alaska Legal Services (Other Recurring)	-146,000.
Washington State Timber-Fish-Wildlife (Resources)	-3,041,000.
Reindeer Herder Association (Resources)	-176,000.
Lake Roosevelt Management (Resources)	-630,000.
National Ironworkers Training (Special Programs)	-521,000.
Crownpoint Institute of Technology (Special Programs)	-897,000.
Employee Displacement (Special Programs)	-1,000,000.
Ute Indian Rights Settlement	-100,000.
Rocky Boys Settlement	-32,000.
Walker River Paiute Settlement	-174,000.
Pyramid Lake Settlement	-199,000.
Aleutian-Pribilof Church Restoration	-1,247,000.(project completed)

Office of Special Trustee - The FY2002 request for the Office of Special Trustee is \$110.2 million, an \$8.8 million decrease from FY2001. According to the Interior Department's budget summary, of the \$27.5 million in supplemental funds appropriated to

the OST in FY2001, \$18.8 million that will be available in FY2002. Within the FY2002 request, a \$2 million increase is proposed for the Indian land consolidation program, which would bring the funding level to \$11 million.

Indian Health Service - The IHS budget request for FY2002 is \$3.3 billion, a \$107 million increase over FY2001. The spreadsheet below contains additional details regarding the FY2002 budget request for the IHS. Major programs are described below.

Health Services - The budget includes an additional \$55 million to fully cover pay cost increase for IHS's federal employees and to allow tribally-run health programs to provide comparable increases to their staffs. An \$11 million increase would be provided for staffing at the new outpatient clinic at Parker, Arizona, and the Fort Defiance hospital. In addition, a \$4 million increase would be used to upgrade IHS's information systems infrastructure.

Health Insurance Reimbursements - The FY2002 budget projects an estimated \$499 million in health insurance reimbursements, primarily from Medicare and Medicaid, due to recent legislative changes in the scope of covered services and a revised reimbursement methodology.

Self-Determination Contracts - The FY2002 budget includes a \$50 million increase for self-determination act contract and compacts, largely because the Navajo Nation will begin to provide health services under a P.L. 93-638 contract in 2002, a move that will involve a budget of approximately \$350 million and 3,600 employees. Of the requested increase, \$40 million would be provided for contract support costs, which would increase funding to \$288 million. Another \$10 million would be used to offset transition costs IHS will incur with respect to the Navajo Nation.

Construction - The budget includes \$38 million for the construction of new health facilities, including \$14 million for the Fort Defiance Hospital and \$24 million for the Winnebago Hospital.

Proposed Cuts - The budget eliminates funding for two facility construction programs, Joint Venture Demonstration Projects and Small Ambulatory Facilities, that received \$15 million in FY2001.

For further information, contact NCAI at (202) 466-7767.